

March 5, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**LEASE AMENDMENT
DEPARTMENT OF PUBLIC WORKS
5119-5121 EAST BEVERLY BOULEVARD, LOS ANGELES
(FIRST) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached Amendment No. 2 to Lease No. 64200 with SUI, LLC (Lessor) extending the original term of the lease and exercising the County's option to renew the lease for an additional five-year term for the continued occupancy of 3,142 rentable square feet of office space and seven parking spaces for the Department of Public Works (DPW), Building and Safety at the maximum annual rental rate of \$51,600. Rental costs are 100 percent net County cost.
2. Find that the proposed lease amendment is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061(b) (3) of the State CEQA Guidelines.
3. Approve the project and authorize the Chief Administrative Office (CAO) and DPW to implement the project. The lease as amended will be effective upon approval

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by your Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The recommended action will allow DPW Building and Safety to continue to house its current 12 member staff at 5119-5121 East Beverly Boulevard, Los Angeles. This facility will continue to serve the needs of the program pending relocation to the new East Los Angeles Civic Center upon its completion, which is tentatively projected for late 2004.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we invest in public infrastructure, in order to strengthen the County's fiscal capacity. The lease of property supports this strategy by complying with the Strategic Asset Management Principles (Goal 4, Strategy 2, Objective 2) in that administrative office space is being leased for DPW on a short-term basis pending future relocation and consolidation with other County programs as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The annual cost of the proposed amendment will be at a maximum rental rate of \$51,600.

| 5119-5121 E. Beverly Blvd. | Existing Lease | Proposed Amendment No. 2 to Lease No. 64200 | Change |
|-----------------------------------|-----------------------|--|---------------|
| Area (Square Feet)* | 3,385 (gross) | 3,142 (rentable) | 0 |
| Term (Years) | 5 | 5 | None |
| Annual Base Rent | \$49,764 (\$14.70/sf) | \$51,600 (\$16.42/sf) | \$1,836 |
| Maximum Annual Rent | \$49,764 (\$14.70/sf) | \$51,600 (\$16.42/sf) | \$1,836 |
| Cancellation | After 1 year | After 1 year | None |
| Parking (included in Base Rent) | 7 spaces | 7 spaces | None |

* The proposed Amendment No. 2 reflects measurements on a rentable basis rather than the previously

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used gross basis as per the current County standard of measuring space (there is no change to the area being leased)

- Sufficient funding for the proposed amendment is included in the 2001-02 Rent Expense Budget and will be charged back to DPW. Sufficient funding is available in the 2001-02 DPW budget to cover the projected lease costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Building and Safety Division has 11 District Offices that are geographically located to serve residents throughout the County of Los Angeles. The East Los Angeles District Office serves the East Los Angeles and South San Gabriel unincorporated County areas. This office space will allow DPW Building and Safety staff to continue to provide general engineering and building regulation services, including operating a public counter, processing construction plan checks, issuing building permits, inspecting new construction and investigating referred field complaints reported directly to the First District Office or received from the public.

DPW has been at this location on a month-to-month holdover basis since March 1, 2001. By remaining at the subject facility, DPW will not incur costs associated with a relocation and build-out of another new leased facility which would be needed for a short-term basis only. DPW plans to relocate this office to the East Los Angeles Civic Center when the East Los Angeles Library becomes available.

The proposed amendment extends the term of the lease for another five years providing 3,142 rentable square feet of office space and seven parking spaces. This lease also contains the following provisions:

- The term commences upon approval by your Board and ends five years thereafter.
- The lease will continue to be on a full-service basis.

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- The rental rate, which was not subject to any adjustment during the previous five-year term, was increased by \$1,836 per month. This reflects an increase of approximately 4 percent from the previous term's rental rate and shall be fixed, i.e. not subject to any adjustment, during the new five-year term.
- The County has the exclusive right to cancel this lease at or any time after the expiration of the first year upon 60 days prior written notice to Lessor.
- The office space is entirely built out and no other improvements other than repair or replacement of some minor deferred maintenance items are required.
- No County Project Manager or employee, including the CAO, is authorized to approve any expenditure not expressly pre-approved by the Board of Supervisors. The Board of Supervisors will not retroactively approve expenditures. Any unapproved expenditure by the Lessor, even if it benefits the County, shall not be recovered by the Lessor, who shall solely bear the risk of loss for incurring such liabilities as stated in Paragraph 25, of the amended lease.

CAO Real Estate staff surveyed the East Los Angeles area to determine the availability of comparable and more economic sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Attachment B shows all County owned and leased facilities within the search area for this program and there are none available for this program.

Based upon a survey of similar properties in the East Los Angeles area, staff has determined that the base rental rate, including parking, is between \$18 and \$23.98 per square foot per year, full service gross. Thus, the base annual rental rate of \$16.42 per square foot for the proposed lease amendment represents a below-market rate.

The Department of Public Works has inspected this facility and found it suitable for the County's continued occupancy.

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The need for an onsite child care facility was considered; however, the subject premises do not have sufficient space to provide or construct a child care center.

ENVIRONMENTAL DOCUMENTATION

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA pursuant to Class 1, section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO that the proposed lease amendment is in the best interest of the County and will adequately provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DPW concurs with this recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two original copies of the executed Amendment, and two certified copies of the Minute Order, and the adopted, stamped Board letter to the CAO Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

DAVID E. JANSSEN

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Chief Administrative Officer

DEJ:SNY
CWW:RL:hd

Attachments (4)

c: County Counsel
Auditor-Controller
Department of Public Works

ATTACHMENT A

Department of Public Works, Building and Safety Office
Asset Management Principles Compliance Form¹

| | YES | NO | NA |
|---|-----------------|-----------------|-----------------|
| 1. <u>Occupancy</u> | | | |
| A Does lease consolidate administrative functions? ² | <u> </u> | <u> </u> | <u>X</u> |
| B Does lease co-locate with other functions to better serve clients? ² | <u> </u> | <u>X</u> | <u> </u> |
| The program is planned for relocation into the new East Los Angeles Civic Center currently being built. | | | |
| C Does this lease centralize business support functions? ² | <u> </u> | <u> </u> | <u>X</u> |
| D Does lease meet the guideline of 200 sf of space per person? ² Ratio of 1/262sf | <u> </u> | <u>X</u> | <u> </u> |
| Due to anticipated short term of the lease pending program relocation, space not divisible without incurring high costs. | <u> </u> | <u> </u> | <u> </u> |
| 2. <u>Capital</u> | | | |
| A Should program be in leased space to maximize State/Federal funding? | <u> </u> | <u>X</u> | <u> </u> |
| B If not, is this a long term County program? | <u>X</u> | <u> </u> | <u> </u> |
| C Is it a net County cost (NCC) program? List % NCC 100% | <u>X</u> | <u> </u> | <u> </u> |
| D If yes to 2 B or C; capital lease or operating lease with an option ? | <u> </u> | <u>X</u> | <u> </u> |
| E If no, are there any suitable County owned facilities available? | <u> </u> | <u>X</u> | <u> </u> |
| F If yes, why is lease being recommended over occupancy in County owned space? | <u> </u> | <u> </u> | <u>X</u> |
| G Is Building Description Report attached as "Attachment B"? ² | <u>X</u> | <u> </u> | <u> </u> |
| H Was build to suit or capital project considered? ² A capital project is under way at the East Los Angeles Civic Center, where it is anticipated that this office will relocate. | <u>X</u> | <u> </u> | <u> </u> |
| 3. <u>Portfolio Management</u> | | | |
| A Did department utilize CAO Space Request Evaluation(SRE)? ² | <u>X</u> | <u> </u> | <u> </u> |
| B Was the space need justified? | <u>X</u> | <u> </u> | <u> </u> |
| C If a renewal lease, was co-location with other County departments considered? | <u>X</u> | <u> </u> | <u> </u> |
| D Why was this program not co-located? | <u> </u> | <u> </u> | <u> </u> |
| 1. <u> </u> The program clientele requires a "stand alone" facility. | | | |
| 2. <u>X</u> No suitable County occupied properties in project area. | | | |
| 3. <u>X</u> No County owned facilities available for the project. | | | |
| 4. <u> </u> Could not get City clearance or approval. | | | |
| 5. <u> </u> The Program is being co-located. | | | |
| E Is lease a full service lease? ² | <u>X</u> | <u> </u> | <u> </u> |
| F Has growth projection been considered in space request? | <u> </u> | <u>X</u> | <u> </u> |
| G Has the Dept. of Public Works completed seismic review/approval? | <u>X</u> | <u> </u> | <u> </u> |

¹ As approved by the Board of Supervisors 11/17/98

Please **BOLD** any written responses

² If not, why not?

ATTACHMENT B

SPACE SEARCH - EAST LOS ANGELES AND CITIES OF MONTEBELLO AND MONTEREY PARK

| LACO | FACILITY NAME | | | ADDRESS | | | SQARE FEET GROSS | SQARE FEET NET | OWNERSHIP | SQARE FEET AVAILABLE |
|------|---|------|-------|------------------|----------------------|-------|------------------|----------------|-----------|----------------------|
| A275 | COMMUNITY DEVELOPMENT COMMISSION HEADQUARTERS | 2 | CR | CORAL | MONTEREY PARK | 91755 | 6750 | 6750 | LEASED | NONE |
| A423 | SHERIFF PERSONNEL AND RECRUITMENT CENTER | 101 | DR | CENTRE PLAZA | MONTEREY PARK | 91754 | 3750 | 3383 | LEASED | NONE |
| 6131 | DCS EAST LOS ANGELES SERVICE CENTER | 133 | N DR | SUNCL | LOS ANGELES (COUNTY) | 90063 | 28514 | 21777 | OWNED | NONE |
| 4364 | PROBATION EAST LOS ANGELES AREA OFFICE | 144 | S AVE | FETTERLY | LOS ANGELES (COUNTY) | 90022 | 15884 | 11327 | OWNED | NONE |
| X201 | EDMUND HEMMING CHILDREN'S COURT | 201 | DR | CENTRE PLAZA | MONTEREY PARK | 91754 | 27550 | 18198 | FINANCED | NONE |
| 3341 | EAST LOS ANGELES COURT HOUSE | 214 | S AVE | FETTERLY | LOS ANGELES (COUNTY) | 90022 | 126972 | 63347 | FINANCED | NONE |
| T532 | IRSCALLIZ | 1000 | N AVE | EASTERN | LOS ANGELES (COUNTY) | 90063 | 24643 | 18085 | OWNED | NONE |
| T061 | ISD HEADQUARTERS | 1100 | N AVE | EASTERN | LOS ANGELES (COUNTY) | 90063 | 82509 | 56666 | LEASED | NONE |
| T089 | SHERIFF EASTERN COMPLEX FLEET SERVICE OFFICE | 1104 | N AVE | EASTERN | LOS ANGELES (COUNTY) | 90063 | 1548 | 1428 | OWNED | NONE |
| S800 | ISD EASTERN AVE COMPLEX TELECOM BRANCH BLDG | 1110 | N AVE | EASTERN | LOS ANGELES (COUNTY) | 90063 | 37742 | 28973 | FINANCED | NONE |
| T590 | ISD EASTERN AVE TELCOM CUSTOMER SERVICE BLDG | 1110 | N AVE | EASTERN | LOS ANGELES (COUNTY) | 90063 | 1234 | 1016 | LEASED | NONE |
| X155 | ISD EASTERN AVE COMPLEX TELECOM BULLER BLDG | 1112 | N AVE | EASTERN | LOS ANGELES (COUNTY) | 90063 | 4860 | 4638 | OWNED | NONE |
| A324 | HHS EMPOWERMENT RELATIONS OFFICE | 1255 | DR | CORPORATE CENTER | MONTEREY PARK | 91754 | 3079 | 2325 | LEASED | NONE |
| 3542 | HHS ADMINISTRATIVE HEADQUARTERS | 1330 | N AVE | EASTERN | LOS ANGELES (COUNTY) | 90063 | 39535 | 24767 | FINANCED | NONE |
| S395 | PUBLIC LIBRARY MONTEBELLO REGIONAL LIBRARY | 1550 | W HMD | HEMBLY | MONTEBELLO | 90640 | 50530 | 23989 | OWNED | NONE |
| A120 | DCS LATINO FAMILY PRESERVATION PROJECT | 2501 | DR | DAVIDSON | MONTEREY PARK | 91754 | 6000 | 4825 | LEASED | NONE |
| A015 | DHS ENVIRONMENTAL HEALTH HEADQUARTERS | 2525 | HL | CORPORATE | MONTEREY PARK | 91754 | 23542 | 23680 | LEASED | NONE |
| 1491 | DHS CREMATORIUM CHIEF'S RESIDENCE | 3301 | E ST | 1ST | LOS ANGELES | 90063 | 1517 | 1106 | OWNED | NONE |
| X207 | PUBLIC LIBRARY ANTHONY QUINN LIBRARY | 3965 | E AVE | CISARCHAVEZ | LOS ANGELES | 90063 | 7275 | 6077 | OWNED | NONE |
| Y307 | PUBLIC LIBRARY CITY TERRACE LIBRARY | 4025 | E DR | CITY TERRACE | LOS ANGELES (COUNTY) | 90063 | 8007 | 6984 | OWNED | NONE |
| 2130 | PW ROAD DIV #12 MAINTENANCE YARD OFFICE | 4304 | ST | EUGENE | LOS ANGELES (COUNTY) | 90022 | 397 | 227 | OWNED | NONE |
| X167 | SHERMAN BLOCKS SHERIFFS HEADQUARTERS BUILDING | 4700 | W HMD | RAMONA | MONTEREY PARK | 91754 | 125000 | 106250 | FINANCED | NONE |
| Z367 | HIGH RISING AUTHORITY OFFICES | 4800 | E AVE | CISARCHAVEZ | LOS ANGELES (COUNTY) | 90022 | 0 | 0 | OWNED | NONE |
| S412 | PUBLIC LIBRARY EAST LOS ANGELES LIBRARY | 4801 | E ST | 3RD | LOS ANGELES (COUNTY) | 90022 | 14848 | 11740 | OWNED | NONE |
| T509 | PARAS & RECH PROPOSITION A FIELD OFFICE | 4914 | E AVE | CISARCHAVEZ | LOS ANGELES (COUNTY) | 90022 | 540 | 424 | OWNED | NONE |
| Z110 | HGA JUAN PARRAMILLA OFFICE | 4919 | E AVE | CISARCHAVEZ | LOS ANGELES (COUNTY) | 90022 | 0 | 0 | OWNED | NONE |
| A122 | BOARD OF SUPERVISORS LOS ANGELES FIELD OFFICE | 5262 | E HMD | HEMBLY | LOS ANGELES (COUNTY) | 90022 | 2328 | 2095 | LEASED | NONE |
| S428 | DHS BELLVIEW AREA DISTRICT OFFICE | 5445 | E HMD | WHITTIER | LOS ANGELES (COUNTY) | 90022 | 70493 | 49261 | OWNED | NONE |